



# All You Need Is Seven!

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Proposed Bill 6031  
Public Hearing: 2-20-13

TO: MEMBERS OF THE TRANSPORTATION COMMITTEE  
FROM: METRO TAXI  
DATE: FEBRUARY 20, 2013

**RE: TESTIMONY REGARDING 6031 - AN ACT CONCERNING THE OPERATION OF A MOTORBUS, TAXICAB, MOTOR VEHICLE IN LIVERY SERVICE OR MOTOR VEHICLE IN THE TRANSPORTATION OF HOUSEHOLD GOODS**

Metro Taxi opposes proposed bill 6031, particularly as it pertains to the deregulation of the taxi and livery service industries. We respectfully contend that a finding of proof of public convenience and necessity is integral to the functioning of the taxicab and livery industries and the bill should be defeated.

In 2008, the Legislative Program Review & Investigations Committee did an extensive study of taxicab and livery regulation and found that "[r]equiring proof of benefit to the public before allowing additional certificate holders and expansion of existing companies is necessary to prevent oversaturation of the market and loss of ability of the DOT to enforce regulations that protect the public" (See attached). Below are just two examples of what happened when other areas attempted to deregulate their taxicab industries:

Seattle deregulated in 1980 by eliminating (1) the provision that based the number of taxicab licenses on the population and (2) fare controls. Deregulation resulted in a high supply of taxicabs, variable rates, price gouging, short-haul refusals, poor treatment of passengers, and fights at taxicab stands at airports. As a result, Seattle re-regulated in 1984, reinstating a restriction on taxicab licenses and fare controls (The University of Leeds Institute for Transport Studies, Taxi Deregulation: International Comparison, 1998). Another study found that the oversupply of taxicabs resulting from Seattle's deregulation reduced individual drivers' earning potential, increased fares, and lowered the quality of service (Nelson/Nygaard Consulting Associates, Making Taxi Service Work in San Francisco).

St. Louis - Deregulation produced a 35% rise in taxi fares, and taxicab drivers complained of waiting hours at airports for customers at taxicab stands. Taxicab companies claimed they increased fares in order to make up for lost competition resulting from the increased supply of taxis. Tourists and airport officials reported a decrease in service quality because of deregulation. As a result, the St. Louis City Council froze new taxicab licenses in 2002 (International Association of Transportation Regulators, The Regulator Vol. 9, Issue 4, 2002).

Metro Taxi, along with others in the taxi industry, has been working with both the Transportation Committee and the Department of Motor Vehicles to implement some of the findings contained in the PRI report. This would give the riding public the best possible service experience as they utilize this often overlooked but integral part of the state's transportation plan. Please do not turn the clock back now on the state's taxicab industry, and in turn the state's mass transit system, by eliminating the very regulations that are needed to keep it moving towards the modernization the riding public deserves.

# Taxicab and Livery Vehicle Regulation

December 9, 2008

Legislative Program Review  
& Investigations Committee

## Staff Findings and Recommendations

### Conclusion about Connecticut Level of Regulation

Based on the results of the file analysis, PRI staff believes Connecticut should continue to regulate its taxicab market entry and expansion with the current three requirements: proof of public convenience and necessity; applicant suitability; and financial wherewithal. While few could argue that certificate holders must be suitable and have the financial wherewithal to operate a taxicab company, the larger question relates to use of proof of public convenience and necessity for market entry and expansion. Some of the confusion about what is meant by the term can be cleared up through recommended improvements to applicant directions. Further, the public hearing process is integral to determining public convenience and necessity. Requiring proof of benefit to the public before allowing additional certificate holders and expansion of existing companies is necessary to prevent oversaturation of the market and loss of ability by the DOT to enforce regulations that protect the public. However, there are concerns about the actual implementation of the process, and these concerns and proposed solutions are now described.

Public convenience and necessity in other states and municipalities. Throughout the report, Connecticut is compared to both the nine other states that regulate their taxi industries at the state level and several municipalities in nearby states. Table I-7 shows, like Connecticut, proof of public convenience and necessity is required by all comparison states regulating taxicabs at the statewide level.